were part of a consignment of Handicrafts being exported to the UK were seized by the officers of the Customs at Air Cargo Complex, Delhi, on 1-5 1992.

(b) and (c) Information is being collected and will be laid on the Table of the House.

**Decline in performance of various sectors**

4264. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is a steep decline in the performance of various sectors of economy during the last one year, particularly, in industrial production, power generation, crude oil and steel production and of fertilisers;

(b) if so, what are the reasons for this decline; and

(c) what steps Government are taking to ensure achievement of targets in various sectors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) A statement comparing the performance of various sectors of the economy in 1991—92 with that in 1990-91 and the latest available data is enclosed (see below). While some sectors like agriculture, industrial production as a whole, crude oil production and exports recorded a decline in 1991-92, other sectors posted an improved performance. Power generation and fertilisers recorded higher growth rates in 1991-92 over the year previous to it and saleable steel maintained the same growth rate. In the current year, a turnaround in industrial production and an improvement in foreign trade are in evidence. The inflation rates has also been falling and has dropped to single digit level by 25th July, 1992.

(b) and (c) The slow down in growth of GDP in 1991-92 was mainly the result of difficulties experienced in the real sectors. The decline in agricultural production was attributable to a fall in khariff production because of erratic behaviour of monsoon in the major producing areas. The indusrtial production was adversely affected by severe import compression and tight credit policy restored to since 1990-91 due to shortage of foreign exchange and to contain inflationary pressures, respectively. The decline in exports in 1991-92 was mainly due to recessionary conditions in industrialised countries, restricted access to imported inputs and disruption of trade with Rupee Payment Area (RPA).

The inflationary situation in 1991-92 was the result of a number of factors, such as, liquidity over hang due to large fiscal deficits in the past; the uneven progress of monsoon generating inflationary expectations; supply-demand imbalances in some sensitive commodities; shortfalls in domestic production and constraints in augmenting dmestic supplies through imports due to foreign exchange shortage and increase in administered prices of certain commodities.

The Government has already initiated a package of macroeconomic stabilisation measures and structural adjustments. for strengthening the growth capability of the economy and to put it on a path of sustained development in the medium term. The constraints due to import restrictions and a tight credit policy have been considerably relaxed. Other measures taken during the current year are further reduction of fiscal deficit, rationalisation of taxes and duties, introduction of partial convertibility of rupee, reduction in quantitative restrictions on trade, further liberalisation of foreign investment and capital markets, etc. Detailed sectoral policies for the medium term have been spelt out in the Eight Five Year Plan, which has been adopted recently. These policies are expected to increase efficiency and productivity and thereby impart resilence and stability to the economy, thus leading to achievement of fargets in various sectors.

**Statement**

*Sectoral Growth Rates—Selected Indicators*
*(percentage change over previous year)*

| Sector/Indicator | 1990-91 | 1991-92 | 1992-93 latest |
|---|---|---|---|
| 1. Gross Domestic Product at factor cost (1980-81 prices) | 5.6 | 2.5 Est | — |
| 2. Agricultural production | 2.6 | —2.0 Est. | — |
| 3. Industrial production | 8.5 | —0.1 | 4.1 (April) |
| 4. Infrastructure industries* | 4.7 | 6.0 | 3.2 (April—June) |
| (a) Electricity generated | 7.8 | 10.2 | 5.8 (April—June) |
| (b) Crude petroleum | —3.1 | —8.1 | —14.0 (April —June) |
| (c) Saleable steel (Main plants) | 8.1 | 8.1 | 5.5 (April—June) |
| (d) Fertilizers ($N+P_2O_5$) | 5.9 | 8.6 | —1.6 (April—June) |
| 5. Money Supply ($M_3$) | 15.1 | 18.5 | 5.8 (Upto 26 June, 92) |
| 6. Gross fiscal deficit as a % of GDP | 8.4 | 6.5 | — |
| 7. Inflation rate—WPI | 12.1 | 13.6 | 9.3 (25 July, 92) |
| 8. BOP—Current account deficit as percent of GDP | 2.8 | 1.1 | — |
| 9. Exports in $ terms | 9.1 | —1.9 | 0.4 (April—June) |
| 10. Imports in $ terms | 13.2 | —19.4 | 17.8 (April—June) |
| 11. Foreign currency assets at the end of the period (million $) | 2236 | 5644 | 6370 (11 Aug. 92) |

*Index of six infrastructure industries comprising electricity, coal, saleable steel, petroleum products, crude petroleum and cement.

**Setting up of Mutual Funds by State Finance Corporation**

4265. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have asked the State Finance Corporations and Industrial Development Corporations to set up mutual funds to mobilise resources and to reduce dependence on IDBI for finance;

(b) if so, what is the number of State Finance Corporations that have come forward to set up mutual funds; and

(c) whether private parties will also be allowed to set up mutual funds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) No, Sir.

(b) Does not arise.

(c) A comprehensive set of guidelines for mutual funds has been issued by the Government on 14th Feb., 1992 which are applicable to